

ANALYSIS OF THE IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA IN ASEAN COUNTRIES

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ABSTRACT

This study involves a comparative analysis of the adoption of the ESG (Environmental, Social, and Governance) criteria by public companies in the first five ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) from 2019 to 2023. ESG criteria have become the central focus of corporate sustainability as they assess a firm's ability to generate and sustain value over the long term by going beyond compliance to strategically incorporate the environmental, social, and governance factors. Bloombergs' ESG Disclosure Scores, complemented by some inferential statistics, help in illuminating the disparities in ESG disclosures of the ASEAN-5 countries, particularly Welch's ANOVA and the Games-Howell post hoc test. Malaysia has comparatively better ESG results than the Philippines and Singapore, and quite similar to Thailand. Among the five countries, Indonesia has the lowest average ESG disclosure. These differences appear to be the result of differing national regulatory frameworks and the varying levels of maturity of the countries' sustainable capital market systems. As previously noted, IPO listing on the FTSE4Good Bursa Malaysia index and the associated regulations and policies rationalise Malaysia's engagement, while Malaysia's peers, which include Indonesia, the Philippines, and Singapore, are still trying to harden the regulations and streamline disclosure practices. The conclusions drawn from this analysis indicate not only the disproportionate embrace of ESG in the ASEAN grouping but also that Malaysia has a convincing lead, while Indonesia is significantly lagging. The bottom line is that a positive correlation exists between the degree of preparedness of institutions, the architecture of the regulatory framework, and the efficiency of the capital markets on the one hand, and the performance of ESG on the other. Consequently, the more uncoordinated the regulations are and the greater the level of fragmentation in terms of International Standardised Report (ISR) regulatory practices, the greater the supply of uncoordinated practices, and the more uncoordinated the sustainability reputation of ASEAN will become.

Keywords: *ESG Disclosure, ASEAN-5, Sustainability, and Corporate Governance*

INTRODUCTION

The enhancement of Anticipated Climate Risks, changes in Stakeholders' Societal Financial Expectations, and Worldwide Socioeconomic Development Encompassing Sustainability and Economic Progress have increased the gravity of the ESG (Environmental, Social, and Governance) Phenomenon Globally. The integration of ESG Factors in Emerging Markets, Southeast Asia in particular, has shifted from a voluntary corporate responsibility practice to a strategic corporate imperative due to the cumulative impacts of regulation, Investors, and Institutional Recycling Demand Pressures (Tan & Zhu, 2022). In the ASEAN Economic Region, with continued dynamism of Economic Growth and deepening of the Capital Market, the adoption of ESG Factors has increased and is identified as a key driver of Corporate value, sustainability, and Resilience.

Within the ASEAN region, the focus of the ESG impact is now shifting towards the SDGs of the UN in ASEAN. The ASEAN economies from 2019-2023, which include Indonesia, Malaysia, the Philippines, Thailand, and Singapore, and ASEAN-5 in ESG impact, were shaped by the contextual local economies and by the specific characteristics of the companies in the countries (Rahma & Rokhim, 2022). With respect to governance, the board composition and board diversity are considered in order to justify the extent of the firm's ESG activities and the investments in question (Ayu Nindita & Hanggraeni, 2024). The differences in the ESG quality are due to the combination of the country's regulations, market structure, the presence of a proactive and strong leadership, and the firm's specific characteristics (Brammer et al., 2016).

The paradox concerning the ASEAN region can be explained by the absence of the region's reporting systems, especially reporting on the Environmental, Social, and Governance (ESG) initiatives relating to the advocacy of innovations on greening and the bottom line. In certain countries, there are positive effects on the ESG reporting and also on the sustainability competencies of the firm; therefore, there are positive effects on the competitive advantage of the firm (Brammer et al., 2016). It should be noted, however, that the positive trend is not the case for all countries within the ASEAN region. This has been due to the gaps in the countries' institutional frameworks as well as the certain configurational conditions of the energy systems, which are mostly fossil fuel dominated (Dai, 2025). In addition, there are observation gaps on the sectoral and disaggregate level which cite the different ESG components. In most cases, the Environmental and Governance components positively affect the innovations and thus the corporate value of the firm. In contrast, the Social component is the one that is most likely to positively affect the firm's profitability (Tripopsakul, 2025).

The role of ESG concepts continues to impact the political and regulatory scope. SGX has developed TCFD-compliant climate-related reporting and integrated the IFRS Sustainability Standards (Issb) for closer integration (SGX, 2024). Handoyo &

Anas, 2024, of the World Bank examined the newly IFRS S1/S2 aligned National Sustainability Reporting Framework of Malaysia. In Indonesia, based on the rules in POJK 51/2017 on mandatory sustainability reporting for companies, it appears that there is still a greater degree of incompleteness in the standard of reports submitted (Sri Wahyuningrum et al., 2025). In the Philippines, for the first time, the SEC (2019) Circular presented the inextricably complex and detailed sustainability reporting and its profitability to the corporation (Troy Chua & Byun, 2024). In Thailand, Moolkham 2025 recorded the positive impact of the ESG ratings of the Stock Exchange of Thailand (SET) on the total value of the business.

Integrating ESG models into management activities has shown to generate better goodwill and increase worth (Makhdalena et al., 2023). This analysis focuses on Corporate Governance models and ESG reporting in the ASEAN zone, and ESG adoption. The analysis shows that coupling ESG models with technology and sustainable business practices provides insight into the concept of sustainability in Southeast Asia. While this study covers ASEAN-5 countries, Indonesia, in particular, is known for its relatively poor ESG disclosure and regulatory segmentation, providing valuable comparative information.

LITERATURE REVIEW

The Stakeholder Theory introduced by Freeman in 1984 describes how companies now need to create value for their employees, customers, suppliers, and surrounding communities in addition to their shareholders. Firms, therefore, need to seek a balance in their financial and non-financial goals. Such a view goes well with ESG, where all actors within a business ecosystem need to conduct their affairs in a responsible manner and promote sustainable practices. ESG assesses business sustainability over the long term by factoring in environmental considerations, social dimensions like human rights and responsibility, and governance that is sound and principled. This view is ESG and is why Stakeholder Theory has been used by investors, companies, and civil society to assess the social and economic value a company creates.

In spite of the increasing inflow of foreign investments in the ASEAN Region, ASEAN has not seen the widespread application of ESG principles. Trianaputri & Djakman's 2019 study of 224 firms in the ASEAN-5 showed poor ESG sustainability disclosures with mean ESG scores of 33-38 out of 100. The formulator of Putra (2025) talked of the challenges pertaining to the compliance development and implementation. The ASEAN Community Forum in 2020 disclosed two concerns: insufficient participation of the institutions and the absence of an uncomplicated reporting system. While these two concerns display an insufficient commitment to ESG, the region continues to scale new economic heights. This means that the region must be subjected to other forms of legal requirements in order to enhance the quality, reliability, and comparability of ESG reporting.

There are differences regarding the implementation in Indonesia, Malaysia, the Philippines, Singapore, and Thailand (ASEAN-5). For example, in Indonesia, sustainability disclosure is regulated by POJK 51/2017, with TKBI furthering financial support to green initiatives. TKBI has integrated ASEAN Taxonomy OJK 17, and there are other, similar verticals like the SDGs that more closely relate economic value to ESG disclosures, although the reporting has long been criticized for lack of coherence (Negara et al., 2024). More, in Malaysia, the NSRF 2024 and the ISSB standards (IFRS S1/S2) offer and plan to provide an integrated national reporting framework, indicating that ESG disclosures are positively correlated to firm profitability and vary across IPO performance, with different effects across pillars (Ab Aziz et al., 2023). In the Philippines, by virtue of the SEC Circular No. 4/2019, which was later revised and emphasized climate disclosure, sets the ESG reporting requirement and has brought about minor advances in corporate performance (Hardiningsih et al., 2024). In Singapore, starting in FY 2025, all publicly listed companies will be required to adopt the ISSB standards (IFRS S1/S2) to enhance inter-organizational reporting comparability (Sgx, 2024). There is also research evidence that corporate valuation tends to be higher for companies with more and better ESG disclosure, and this is especially true in the presence of strong governance and government. Thailand's annual report (Form 56-1 One Report) includes ESG standards, and the country has created an ESG-SET rating to make investors feel more secure. This score is positively related to the value of a company (Moolkham, 2025).

ESG is now a way to make money and protect yourself from risk all over the world. Some environmental problems involve cutting down on CO₂ emissions and using energy more wisely. Social factors are the links between workers and the places where they live and work. Being open and being responsible are two important parts of governance. The climate disclosure standard IFRS S2, which is based on TCFD suggestions, will go into effect in 2023. This has made ESG more popular, even in ASEAN countries.

This analysis applies the Bloomberg ESG Disclosure Score to measure ESG adoption in the ASEAN-5 countries. These Bloomberg indicators give a uniform and comparable way to evaluate organizations' ESG information sharing. Prior research verifies their dependability: disclosures via this score positively correspond to eco-innovations and company success (Tripopsakul, 2025) and are influenced by regulatory strength (Handoyo & Anas, 2024). Utilizing Bloomberg ESG Disclosure Scores thus permits an in-depth cross-national analysis of ESG adoption patterns, disclosure norms, and sustainability achievements in the ASEAN-5 area.

H1: There is a significant difference in the average implementation of ESG criteria among the ASEAN-5 countries.

METHODOLOGY

This investigation aims to assess the level and the trends of self-reported Environmental, Social, and Governance (ESG) Rating Disclosures (or lack thereof) of listed companies in five ASEAN member states (Indonesia, Malaysia, Philippines, Singapore, and Thailand) between the years 2019 and 2023, and analyze it using the quantitative comparative research methodology. The Bloomberg terminal (2025) offers proprietary ESG scores for all companies that are traded, and the researcher will rely on this research and data. The score is the most commonly cited by the academic community in the corporate measurement of ESG rating disclosure and is out of 100. Certainly, other scores measuring corporate ESG rating disclosure are available; however, Aydoğmuş et al (2022) showed that scores measuring corporate ESG and or sustainability are associated with higher profitability and lower risk, bringing ESG scores to the forefront of the selection for this study.

The current study utilized purposive sampling, which is defined by specific criteria such as the following:

1. The organization must stay listed on the Indonesia Stock Exchange, Malaysia Stock Exchange, Philippine Stock Exchange, Singapore Exchange, and Stock Exchange of Thailand from 2019 to 2023.
2. The organization must have full data on the ESG Disclosure Score for each of the five years.
3. The organization should not experience delisting, extended suspension, mergers, or acquisitions during the timeframe of the study.

According to this information, the study comprised a sample of 141 firms:

Table 1: Sample Of Listed Companies

No	Country	Number of Companies
1	Indonesia	45
2	Malaysia	21
3	Philippines	14
4	Singapore	25
5	Thailand	36

Source: Bloomberg, 2025

This study utilizes one of the ESG Disclosure Scores prepared by Bloomberg. ESG Disclosure Scores are based on the environmental, social, and governance factors, with the company's reporting of sustainability disclosures based on the GRI, SASB, TCFD, and IFRS Sustainability Standards IFRS S1 and IFRS S2, which were released more recently. More recently, IFRS S2, which is based on TCFD's recommendations regarding climate disclosures of 2023, offers a valuable contribution toward the harmonization of sustainability disclosures. The ESG score is, therefore, relevant to both international service and cross-country comparative analysis.

In advance of the substantive analysis, the researchers undertook a battery of statistical assumption tests to establish that the data were suitable and complied with key requirements for comparative statistical approaches. Normality was assessed with the Kolmogorov-Smirnov test, to which Levene's Test was added to the country's Welch variance homogeneity of the ESG score. The results indicated that the ESG score variances were homogeneous, which violates the assumption of classical ANOVA.

Accordingly, this study is thus certainly justified in terms of employing Welch ANOVA, which is a statistical analysis technique that is specifically dedicated to data with unequal variances or what is datable as heteroscedasticity and unbalanced sample sizes for which, unlike classic ANOVA approaches, true ANOVA offers more accurate estimates and low bias designs, thus, less error resulting from the assumption of equal variances.

Should the results for the Welch ANOVA analysis reveal the presence of statistically significant disparities between the ESG scores for countries of the ASEAN-5 region, the subsequent analysis was conducted via the Games-Howell Post Hoc Test. This test was chosen due to the fact that it does not assume the presence of homogeneous variances or equal sample sizes. The Games-Howell method has been suggested as optimal due to its accuracy under conditions of variance heterogeneity, as described by Agbangba et al. 2024. With this method, the study was able to determine with precision which pairs of countries had statistically different ESG disclosures.

The incorporation of standardized Bloomberg ESG scores and the use of Welch ANOVA, along with the Games-Howell post hoc procedure, is congruent with contemporary best practices for ESG research. ESG datasets from different countries have common characteristics, including differences in the sample size for each country, varying levels of reporting quality, and the presence of heterogeneous variances. Therefore, the methodological approach adopted in this study ensures that the results of the comparisons made between countries are valid, reliable, and statistically sound. Consequently, this approach is in compliance with the ESG research international standards and provides a sound basis for the analysis of the differences in the level of ESG implementation across ASEAN-5 countries.

RESULTS AND DISCUSSION

The ASEAN-5 is made up of the five founding countries of ASEAN, all of which have strong economies compared to each other. This strength shows up in the fact that these countries' ESG policies and programs are always getting better. Companies that do business in the ASEAN-5 are very important for economic growth, and their stock markets are expected to adopt ESG-related practices.

Table 2: Results Of Descriptive Statistics On ESG Implementation In The ASEAN-5 Countries

Country	2019	2020	2021	2022	2023
Indonesia	39.73	42.54	46.54	47.90	49.61
Malaysia	46.99	49.51	54.34	55.39	57.81
Philippines	45.29	46.48	49.68	50.18	52.65
Singapore	44.79	46.03	49.32	51.51	52.69
Thailand	46.23	48.55	51.44	53.73	54.42
Min.	39.73	42.54	46.54	47.90	49.61

Max.	46.99	49.51	54.34	55.39	57.81
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Source: processed data, 2025

Reviewing Table 2, it can be seen that Malaysia, the Philippines, Singapore, Thailand, and Indonesia all exhibited a continuous increase in ESG scores from 2019 to 2023. The inter-country differences were uniformly small, with averages of Indonesia and Malaysia being 39.73 – 46.99 in 2019, 42.54 – 49.51 in 2020, 46.54 – 54.34 in 2021, 47.90 – 55.39 in 2022, and 49.61 – 57.81 in 2023, showing a margin of approximately ± 7 points. Malaysia had the highest scores, attaining 57.81 in the year 2023, while Indonesia showed the lowest, but had an increase from 40.00 in 2019 to 49.61 in 2023. Overall, all of the aforementioned countries had a marked improvement as evidenced by the data, with Malaysia at 57.81, Thailand at 54.42, Singapore at 52.69, the Philippines at 52.65, and Indonesia at 49.61. The data in all the countries manifests consistent improvement over the years, as evidenced by the steady scores.

The ASEAN-5 average ESG adoption score increased between 2019 and 2023, demonstrating Malaysia and Thailand's improvements, while Indonesia's score stagnated. By 2019, the average score of the ASEAN-5 sits between 40 and 50, with Malaysia leading, while Thailand, the Philippines, Singapore, and Indonesia, in that order, completed the list. 2020 prompted an overall score decline in most countries, likely due to the pandemic's impacts on the flow of information and business transactions. From 2021 to 2023, Malaysia, Thailand, the Philippines, and Singapore improved on previous ESG scores. Malaysia improved the most and earned the most points and continued to lead with almost 60 points, maintaining that range for the subsequent 3 years. Thailand improved significantly and, by 2023, was on par with Malaysia. Singapore and the Philippines improved marginally and stagnated in the 48 to 52 range, with Indonesia significantly lagging behind.

Table 3: Descriptive Statistics On The Results Of ESG Implementation In The ASEAN-5 Countries For The Period 2019-2023

Country	Mean	Min	Max
Indonesia	45.26	18.43	73.87
Malaysia	52.81	26.68	74.47
Philippines	48.98	24.83	63.78
Singapore	48.73	31.84	71.09
Thailand	50.81	20.08	77.53

Source: processed data, 2025

As stated in the ASEAN report, the most progressive countries in the ASEAN bloc regarding compliance with ESG frameworks are also the most progressive. Only disproportional investor incentive mechanisms might explain the other recorded outcomes. ESG compliance implementation serves Indonesia as the other extreme. In contrast, the other extreme with the least range is the Philippines, where the implementation of ESG standards is more homogenous.

Table 4: Results Of The Kolmogorov-Smirnov Test (K-S Test)

Country	Indonesia	Malaysia	Philippines	Singapore	Thailand
N	225	105	70	124	180
Asymp. Sig. (2-tailed)	.200	.200	.200	.200	.030[1]

Source: processed data, 2025

The data obtained from Indonesia, Malaysia, the Philippines, and Singapore were the only four countries whose data satisfied the Kolmogorov-Smirnov normality test and demonstrated normal distribution patterns, as shown by their p values being over 0.200. In contrast, Thailand's data, which had a p-value of 0.03, did not meet this criterion. However, to the researchers, this small infraction of the normality assumption did not matter because Thailand had a large sample size. This aligns with the central limit theorem, which indicates that, with a minimum sample size of 30, the sampling distribution of the mean, and, consequently, a straighter line or distribution, approximates a normal distribution more closely as the sample size increases (Ghasemi & Zahediasl, 2012). This supports the theorem.

Table 5: Levene's Test

	Levene's Statistic	df1	df2	Sig.
Based on Mean	9.735	4	699	<.001

Source: processed data, 2025

Finding that the variance in the data differed across groups as determined by the Levene test, we were obligated to utilize the Welch ANOVA test. The classic ANOVA cannot be used in this instance as it assumes that all groups have a similar variance, and the assumption of substantial homogeneity of variance did not hold true. Therefore, the Welch ANOVA test was used to analyze the differences in the mean levels of ESG implementation across the five countries of the ASEAN region. This technique was used because the data were not normal, and it is suitable for situations where the variance is not equal across data sets.

Table 6: Welch ANOVA Test

	Statistic	df1	df2	Sig.
Welch	12.597	4	283.919	<.001

Source: processed data, 2025

The significance of the differences in the ESG ratings of the ASEAN-5 countries is confirmed with a 0.001 p-value from the Welch test. Consequently, researchers performed a post hoc analysis of the averaged ratings of the countries in order to determine the countries responsible for the observed differences. For this analysis, a significance level of 5% was used.

Table 7: Results Of The Post-Hoc Test (Games-Howell Multiple Comparison)

Country (I)	Country (J)	Mean Diff.(I-J)	Sig.
Indonesia	Philippines	-3.721	.020
	Malaysia	-7.546	.001
	Singapore	-3.470	.011
	Thailand	-5.5442	.001
Malaysia	Philippines	3.824	.036
	Singapore	4.076	.008
	Thailand	2.002	.519
Philippines	Singapore	.251	1.000
	Thailand	-1.822	.654
Singapore	Thailand	-2.074	.435

Source: processed data, 2025

It was established at $\alpha = 0.05$ in the Games-Howell post hoc test that Indonesia's average ESG score was significantly lower than the Philippines. Comparatively, Malaysia was at a slight disadvantage in relation to the Philippines. Regarding the average score of Thailand, the researchers found that there was no difference in the average score of Malaysia. On the contrary, the scores of the Philippines, Singapore, and Thailand all appeared to be the same, with a pairwise p-value of more than 0.43. This indicates that the Philippines was the only country to have fully implemented ESG in the ASEAN-5. This, however, resulted in the five ASEAN countries having an average score that was inequitable, with Indonesia having the least, and Malaysia the most, Thailand having third place, and the Philippines and Singapore 4th and 5th, respectively. In Thailand, Singapore, and the Philippines, the pairwise comparisons did not show any significant difference. This indicates that between 2019 and 2023, they did not fully prepare for the ESG requirements and the changes in the market system.

This study sought to determine the level of achievement of ESG practices across the ASEAN-5 countries and the differences in the levels of achievement of ESG practices across the ASEAN-5 countries. This has been confirmed through the Welch ANOVA statistics, $p < 0.001$, and Games-Howell post hoc tests. The data from the research questions form the basis of hypothesis H1 being true, as this states that the average ESG disclosures across the countries are not equal.

The empirical outcomes from this research are also in agreement with observations reported in the literature. These are the differences in the breadth and depth of the ESG initiatives in the countries within the ASEAN region, as evidenced by the differences in the ASEAN countries in the literature, including the differences in the National Regulatory Frameworks and the differences in the Institutional Governance. This has been observed in Malaysia as the country that has had the highest (best) ESG scores, as it was the first country to adopt the National Sustainability Reporting Framework (NSRF) (as reported by other researchers), the ISSB/IFRS S1-S2 standards, and the FTSE4Good Bursa Malaysia Index. Other reported literature has also pointed to the fact that these market and regulatory incentives, including the SRI-Linked Sukuk and Bursa Carbon Exchange, which have built the ecosystem for reporting, have been reported in the literature as the reason for the highest level of performance in ESG activities in the region.

On the other hand, the inconsistency in regulations in Indonesia is explained by the subpar disclosure surrounding mandatory reporting requirements due to the incoherent sustainability reporting, and is the reason Indonesia is the lowest ranked in the region. According to Sri Wahyuningrum et al. (2025), mandatory reporting in Indonesia has low inconsistency and completeness. It is these reasons that Indonesia is the slowest in the region.

Similar to Thailand, as the other country performing at a comparable level, the results also align with the recent evidence of the strong role of SET ESG Ratings in value enhancement and corporate transparency improvement. Moolkham (2025) indicates that the ratings assigned to firms on the Stock Exchange of Thailand (SET) have a positive impact on the firm's value. This helps to justify the similarity in the country's ESG scores to those of Malaysia, as it reflects the developed state of Thailand's ESG ecosystem.

Based on the Games-Howell test scores, which show no statistical significance between the two countries ($p > 0.43$), the Philippines and Singapore fall within the moderate range. This aligns with the academic literature, indicating both countries exhibited the slowest adoption of ESG regulations with no harmonization during the period of 2019-2023. In the Philippines, adjustments of the companies to the SEC Circular No. 4/2019 were still ongoing. In Singapore, the initial adoption of the "comply or explain" approach to ESG regulation resulted in a disparity in the reporting of the depth and comparability, which eventually led to a low ESG rank.

On a theoretical level, these findings are supportive of the Stakeholder Theory, which claims that the attainment of sustainable value by firms is subject to the integration of all actors in the strategic-level decision. Countries such as Malaysia and Thailand, with the relatively high ESG scores, practice to a great extent and with more transparency of the principles of Stakeholder Theory, which results in stronger regulatory backing with a more unified approach to disclosure demands. Conversely, the countries with low scores in ESG show that the absence of a cohesive framework and streamlined policy within the country creates difficulty

for firms in providing value to a wide range of stakeholders, which includes the value to society, the investors, and the general public.

Considering the implications of the policy, there is a lack of uniformity in the ESG reporting, showing the urgency in policy implementation, which is most likely attributed to the ESG reporting deficit in the countries of ASEAN. Studies have shown that there is a greater ESG disclosure in countries where there is cohesiveness in support from the regulators and institutions. In such a case, the countries supporting ASEAN will benefit from attracting a greater inflow of finance, and the support for the cohesion of the countries will open greater economic opportunities for ASEAN.

The problem that lies in ASEAN is the lack of proper institutions in place, and the evidence suggests that there is a lack of mobilizing the market to address the ESG gaps in the countries. With the pace shown in the past four to five years, there will be rapid progress in the ESG gaps present in ASEAN. The ESG gaps present in ASEAN will offer unique and large opportunities for the countries to benefit from.

This study contributes to the ESG literature by providing a systematic comparative analysis of ESG disclosure practices across ASEAN-5 countries using the Bloomberg Harmonized ESG Disclosure Score. It extends previous research by explicitly linking international ESG differences to institutional lending and regulatory alignment, rather than just firm-level characteristics. The results also provide policy-relevant information for emerging markets seeking to strengthen ESG frameworks and improve sustainability reporting.

CONCLUSION

The Welch ANOVA and Games–Howell tests confirm that the ASEAN-5 nations show differing levels and implementation of ESG best practices and policies during the study period. All five ASEAN nations had trending increasing ESG scores within the study period of 2019-2023. However, the trends in the growth of the scores were not uniform, as disparities in the scores were noted during each assessed year. Malaysia and Thailand had greater ESG scores and are considered to have more mature ESG policies and practices with strong mandatory comprehensive systems, clear national standards for ESG reporting, and developed ESG ecosystems that sustain reporting to global ESG standards. The other two nations had less developed ESG policies and systems. The Philippines demonstrated moderate growth and regulatory moves, such as the consolidation of ESG obligations to public companies, and more recently, it reviewed the SEC reporting rules. Singapore had stronger regulatory mechanisms and demonstrated more rapid ESG compliance with a “comply or explain” model. Regulatory gaps, such as in Indonesia, contribute to lower ESG system maturity. Recent policies aimed to improve reporting, such as POJK 51/2017, the Sustainable Finance Roadmap, and the IDXCarbon, but policies have not taken such systems leapfrogging frameworks that other Southeast Asian nations have.

Geographically, the ASEAN-5 will have to adopt and implement more aligned ESG compliance frameworks to improve the global market’s risk assessment. ESG compliance frameworks are not only not harmonized at this time, but ASEAN-5 nations have developed reporting standards and compliance frameworks that are inconsistent with one another; thus, internationally developing disclosure standards will be the primary mechanism facilitating positive and aligned ESG frameworks. Standards that must be referenced as a minimum will be the ISSB/IFRS S1-2 standards.

Strengthened integrated regulations increase the speed of ESG uptake for other regions and ASEAN. Primary alignment of fiscal regulatory standards brings credibility by reducing the asymmetry of global standards. Economic size is less relevant than governmental and regulatory frameworks. ESG progress is meaningful and consistent when governments, regulators, and capital-market actors work harmoniously. ESG development remains unbalanced and unsustainable across jurisdictions, emphasizing the need for cohesive, institution-led strategies.

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